



Rule Up For Discussion and Possible Filing

Proposed New Section

Cash defined.

ITEM 14(a) on the October 14, 2005, Commission Meeting Agenda.

Statutory Authority 9.46.070

Who proposed the rule change?

Harmon Consulting, Inc.

Why is this rule change proposed?

A Petition for Rule Change was submitted by Monty Harmon, Harmon Consulting Inc., requesting that cash be defined in our rules. This new definition of cash would expand the methods players could use to participate in gambling activities and/or receive their winnings.

The petitioner has indicated to staff that the intent of the change is to allow patrons to use “guest cards” to purchase pull-tabs and allow pull-tab winnings to be added to “guest cards”. However, if this proposal is approved it would apply to all gambling activities. The petitioner states in his petition the change would modernize the industry and take advantage of current security benefits of prepaid cashless systems.

Cash is not specifically defined in our rules; however, cash equivalent is defined in WAC 230-40-552 as follows: “a treasury check, personal check, traveler's check, wire transfer of funds, money order, certified check, cashier's check, a check drawn on the licensee's account payable to the patron or to the licensee, or a voucher recording cash drawn against a credit card or debit card”. This rule became effective May 2000 and provided for additional methods of payment to participate in card games, other than cash or personal check. Although the cash equivalent definition only applies to card games, it has been informally used by staff to clarify the definition of cash as it relates to other gambling activities.

The petitioner's intent is for the “guest card” to be purchased and used by patrons at a licensed business. The “guest card” could be used to purchase food, beverages, pull-tabs, and/or participate in other gambling activities. A patron may add additional funds to the “guest card”. Most importantly, licensees may add a player's winnings to the “guest card” rather than paying with cash or a check. The “guest card” would be redeemable for cash at anytime. There would be an accounting system associated with this activity to ensure the accuracy of customer “guest card” balance. At a patron's request, the system would also provide a “guest card” fund balance.

Staff recommends the petition be denied for the following reasons:

Standards must be developed for an accounting system

Rules must be reviewed to determine other necessary changes and the impact on other gambling activities

Staff will need to monitor the systems to ensure balances are accurate

Attachment:

Memo to the Commission outlining their options for handling the petition.

Statements against the proposed rule change.

None at this time.

Which licensees will be directly impacted?

All licensees.

What are the potential impacts to the agency?

See staff recommendation above for impacts.

Staff recommendation.

Deny the petition.